

Union Calendar No. 4

111TH CONGRESS
1ST SESSION

H. R. 787

[Report No. 111–12]

To make improvements in the Hope for Homeowners Program, and for
other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2009

Mr. FRANK of Massachusetts introduced the following bill; which was referred
to the Committee on Financial Services

FEBRUARY 10, 2009

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To make improvements in the Hope for Homeowners
Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CHANGES TO HOPE FOR HOMEOWNERS PRO-**
 2 **GRAM.**

3 Section 257 of the National Housing Act (12 U.S.C.
 4 ~~1715z-23~~) is amended—

5 (1) in subsection (c)—

6 (A) in paragraph (1), by striking subpara-
 7 graph (B);

8 (B) in paragraph (2)(B), by striking “90
 9 percent” and inserting “93 percent”;

10 (C) by striking paragraph (7); and

11 (D) by redesignating paragraphs (8), (9),
 12 (10), and (11) as paragraphs (7), (8), (9), and
 13 (10), respectively;

14 (2) in subsection (h)(2), by striking “, or in any
 15 case in which a mortgagor fails to make the first
 16 payment on a refinanced eligible mortgage”;

17 (3) by striking subsection (i) and inserting the
 18 following new subsection:

19 “(i) ANNUAL PREMIUMS.—

20 “(1) IN GENERAL.—For each refinanced eligible
 21 mortgage insured under this section, the Secretary
 22 shall establish and collect an annual premium in an
 23 amount equal to not less than 0.55 percent of the
 24 amount of the remaining insured principal balance
 25 of the mortgage and not more than 0.75 percent of
 26 such remaining insured principal balance, as deter-

mined according to a schedule established by the Board that assigns such annual premiums based upon the credit risk of the mortgage.

~~“(2) REDUCTION OR TERMINATION DURING MORTGAGE TERM.—~~Notwithstanding paragraph (1), the Secretary may provide that the annual premiums charged for refinanced eligible mortgages insured under this section are reduced over the term of the mortgage or that the collection of such premiums is discontinued at some time during the term of the mortgage, in a manner that is consistent with policies for such reduction or discontinuation of annual premiums charged for mortgages in accordance with section 203(e).”;

~~(4) in subsection (k)—~~

~~(A) by striking the subsection heading and inserting “Exit Fee”;~~

~~(B) in paragraph (1), in the matter preceding subparagraph (A), by striking “such sale or refinancing” and inserting “the mortgage being insured under this section”; and~~

~~(C) by striking paragraph (2);~~

~~(5) in subsection (s)(3)(A)(ii), by striking “subsection (e)(1)(B) and such other” and inserting “such”;~~

1 (6) in subsection (v), by inserting after the pe-
 2 riod at the end the following: “The Board shall con-
 3 form documents, forms, and procedures for mort-
 4 gages insured under this section to those in place for
 5 mortgages insured under section 203(b) to the max-
 6 imum extent possible consistent with the require-
 7 ments of this section.”;

8 (7) in subsection (w)(1)(C), by striking
 9 “(e)(4)(A)” and inserting “(e)(3)(A)”; and

10 (8) by adding at the end the following new sub-
 11 section:

12 “~~(x) PAYMENT TO EXISTING LOAN SERVICER.—~~The
 13 Board may establish a payment to the servicer of the exist-
 14 ing senior mortgage for every loan insured under the
 15 HOPE for Homeowners Program.”.

16 **SECTION 1. CHANGES TO HOPE FOR HOMEOWNERS PRO-**
 17 **GRAM.**

18 *Section 257 of the National Housing Act, as added by*
 19 *section 1402(a) of Public Law 110–289, (12 U.S.C. 1715z–*
 20 *23) is amended—*

21 *(1) in subsection (e)—*

22 *(A) by striking paragraph (1) and inserting*
 23 *the following:*

24 “(1) *BORROWER CERTIFICATION.—*

1 “(A) *NO INTENTIONAL DEFAULT OR FALSE*
2 *INFORMATION.—The mortgagor shall provide a*
3 *certification to the Secretary that the mortgagor*
4 *has not intentionally defaulted on the existing*
5 *mortgage or mortgages and has not knowingly,*
6 *or willfully and with actual knowledge, furnished*
7 *material information known to be false for the*
8 *purpose of obtaining any eligible mortgage.*

9 “(B) *LIABILITY FOR REPAYMENT.—The*
10 *mortgagor shall agree in writing that the mort-*
11 *gagor shall be liable to repay to the Secretary*
12 *any direct financial benefit achieved from the re-*
13 *duction of indebtedness on the existing mortgage*
14 *or mortgages on the residence refinanced under*
15 *this section derived from misrepresentations*
16 *made by the mortgagor in the certifications and*
17 *documentation required under this paragraph,*
18 *subject to the discretion of the Oversight Board.”.*

19 (B) in paragraph (2)(B), by striking “90
20 percent” and inserting “93 percent”;

21 (C) by striking paragraph (7);

22 (D) in paragraph (9)—

23 (i) by striking “by procuring (A) an
24 income tax return transcript of the income
25 tax returns of the mortgagor, or(B)” and

1 inserting “in accordance with procedures
2 and standards that the Board shall estab-
3 lish, which may include requiring the mort-
4 gagee to procure”; and

5 (ii) by striking “and by any other
6 method, in accordance with procedures and
7 standards that the Board shall establish”;

8 (E) by redesignating paragraphs (8), (9),
9 (10), and (11) as paragraphs (7), (8), (9), and
10 (10), respectively; and

11 (F) by adding after paragraph (10) (as so
12 redesignated by subparagraph (E) of this para-
13 graph) the following new paragraph:

14 “(11) *BAN ON MILLIONAIRES.*—The mortgagor
15 shall not have a net worth, as of the date the mort-
16 gagor first applies for a mortgage to be insured under
17 the Program under this section, that exceeds
18 \$1,000,000.”;

19 (2) in subsection (h)(2), by striking “, or in any
20 case in which a mortgagor fails to make the first pay-
21 ment on a refinanced eligible mortgage”;

22 (3) by striking subsection (i) and inserting the
23 following new subsection:

24 “(i) *ANNUAL PREMIUMS.*—

1 “(1) *IN GENERAL.*—For each refinanced eligible
2 mortgage insured under this section, the Secretary
3 shall establish and collect an annual premium in an
4 amount equal to not less than 0.55 percent of the
5 amount of the remaining insured principal balance of
6 the mortgage and not more than 0.75 percent of such
7 remaining insured principal balance, as determined
8 according to a schedule established by the Board that
9 assigns such annual premiums based upon the credit
10 risk of the mortgage.

11 “(2) *REDUCTION OR TERMINATION DURING*
12 *MORTGAGE TERM.*—Notwithstanding paragraph (1),
13 the Secretary may provide that the annual premiums
14 charged for refinanced eligible mortgages insured
15 under this section are reduced over the term of the
16 mortgage or that the collection of such premiums is
17 discontinued at some time during the term of the
18 mortgage, in a manner that is consistent with policies
19 for such reduction or discontinuation of annual pre-
20 miums charged for mortgages in accordance with sec-
21 tion 203(c).”;

22 (4) *in subsection (k)*—

23 (A) *by striking the subsection heading and*
24 *inserting “EXIT FEE” ;*

1 (B) in paragraph (1), in the matter pre-
 2 ceding subparagraph (A), by striking “such sale
 3 or refinancing” and inserting “the mortgage
 4 being insured under this section”; and

5 (C) by striking paragraph (2);

6 (5) in subsection (s)(3)(A)(ii), by striking “sub-
 7 section (e)(1)(B) and such other” and inserting
 8 “such”;

9 (6) in subsection (v), by inserting after the pe-
 10 riod at the end the following: “The Board shall con-
 11 form documents, forms, and procedures for mortgages
 12 insured under this section to those in place for mort-
 13 gages insured under section 203(b) to the maximum
 14 extent possible consistent with the requirements of this
 15 section.”;

16 (7) in subsection (w)(1)(C), by striking
 17 “(e)(4)(A)” and inserting “(e)(3)(A)”; and

18 (8) by adding at the end the following new sub-
 19 section:

20 “(x) *PAYMENT TO EXISTING LOAN SERVICER.*—The
 21 Board may establish a payment to the servicer of the exist-
 22 ing senior mortgage for every loan insured under the HOPE
 23 for Homeowners Program in an amount, for each such loan,
 24 that does not exceed \$1,000.”.

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